

Washington State
Liquor Control Board

Strategic Plan

The mission of the Liquor Control Board is to serve the public by preventing the misuse of alcohol and tobacco through controlled distribution, enforcement, and education; and provide excellent customer service by operating efficient, convenient retail stores.

July 2003-2008

V. Ing
DEP. EXHIBIT
CARMEN CRANTE
NOTARY PUBLIC
42505

PLAINTIFF'S EXHIBIT	
CASE NO.	CV04-0360P
EXHIBIT NO.	011

Since the State Legislature created the Liquor Control Board in 1933, the agency's focus has been the enforcement of alcohol and tobacco laws and the controlled distribution of liquor. This is accomplished through enforcement, education, licensing, training, a controlled retail outlet system, and by working in partnership with local law enforcement, communities, and agency stakeholders.

In today's environment of budget constraints and limited resources, the Liquor Control Board must maximize revenues and operate even more efficiently. Annually, the agency distributes over \$200 million to state and local governments. These dollars, collected from various liquor taxes and license fees, go toward programs that provide necessary services to the state's taxpayers. In Fiscal Year 2002, the Liquor Control Board distributed over \$120 million to the State General Fund, \$36 million to the State's health care system, and \$9 million to violence reduction and drug enforcement programs. These funds make a tangible difference. For example, in some instances these monies impact the number of law enforcement officers available in a community.

To meet and exceed expectations of expedient and efficient customer service, a strategic plan has been developed to focus on all agency core functions. In this strategic plan you will find succinct goals that reflect our commitment to enhanced public safety and education, effective business practices, risk management, continued technological improvements, and building on the strengths of our employees. This plan also addresses how the agency balances profitability to the state with its regulatory responsibilities.

The Liquor Control Board moves into the 21st century with a renewed vision. We have drawn on the agency's years of experience and the expertise of our customers and stakeholders to create this strategic plan. It will help us meet the challenges before us and will clearly steer us into the future.

Merritt D. Long
Board Chairman

Merritt D. Long
Board Chairman

Vera Ing
Board Member

Roger Hoen
Board Member

Pat Kohler
Administrative Director



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VISION

The Liquor Control Board is an organization committed to customer service and dedicated to diversity and partnership that encourages active participation from the public, its employees, and stakeholders.

MISSION

The mission of the Liquor Control Board is to serve the public by preventing the misuse of alcohol and tobacco through controlled distribution, enforcement, and education; and provide excellent customer service by operating efficient, convenient retail stores.

GOALS

- Promote public safety by ensuring compliance with liquor and tobacco laws and regulations through effective enforcement and education
- Promote public trust
- Maximize revenues to the state's taxpayers
- Streamline and create effective business practices
- Develop, recruit, retain, and value a high quality diverse workforce
- Deliver quality and efficient services and information through improved technology
- Strengthen partnerships with customers, stakeholders, and communities
- Strengthen the agency's risk management and loss prevention policies and practices

GOAL: Promote public safety by ensuring compliance with liquor and tobacco laws and regulations through effective enforcement and education

STRATEGY: *Improve supervisory and managerial controls*
INITIATIVE: National Accreditation by the Commission on Accreditation for Law Enforcement Agencies (CALEA) 9

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STRATEGY: *Continue existing programs that reduce youth access to alcohol and tobacco*
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STRATEGY: *Develop and implement additional public safety initiatives to address the concerns of communities adversely impacted by the sale of alcohol*
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GOAL: Promote public trust

STRATEGY: *Develop and implement a comprehensive communications plan*
INITIATIVE: Public education of agency mission, goals, and accomplishments 13

GOAL: Maximize revenues to the state's taxpayers

STRATEGY: *Develop and implement standard financial operating policies and procedures*
INITIATIVE: Financial policy and procedure review 14

STRATEGY: *Optimize retail outlet resources to serve the public*
INITIATIVE: Retail Business Plan 15

GOAL: Streamline and create effective business practices

STRATEGY: *Review and deliver enhanced service via the Internet considering security, accessibility, and cost effectiveness*

INITIATIVE: Licensing system assessment for customer service improvements 17

STRATEGY: *Identify and streamline steps in licensing process causing delays in making final decision*

INITIATIVE: License application process improvements 18

STRATEGY: *Develop legislation and Office of Financial Management support for a revised funding model*

INITIATIVE: Non-Appropriated funding 19

GOAL: Develop, recruit, retain, and value a high quality diverse workforce

STRATEGY: *Implement Civil Service Reform*

INITIATIVE: Human Resource policy and procedure review 20

STRATEGY: *Obtain Criminal Justice Training Commission (CJTC) certification*

INITIATIVE: Commissioned staff certification 21

STRATEGY: *Provide access to centrally managed Human Resource policies and procedures*

INITIATIVE: Human Resource policy and procedure review 22

GOAL: Deliver quality and efficient services and information through improved technology

STRATEGY: Continue to invest in networking infrastructure to optimize LCB's ability to conduct business effectively, especially relating to state liquor stores

INITIATIVE: Enhanced telecommunications network infrastructure for real-time business transactions 23

STRATEGY: Enhanced organization efficiency through process improvements of existing systems

INITIATIVE: Modernization of existing business systems 24

STRATEGY: Deliver enhanced service via the Internet considering security, accessibility, and cost effectiveness

INITIATIVE: Web site evaluation for optimal utilization26

STRATEGY: Review and replace or upgrade financial software applications as needed

INITIATIVE: Modernization of existing business systems 27

GOAL: Strengthen partnerships with customers, stakeholders, and communities

STRATEGY: Encourage licensees, the alcohol beverage industry, and community and government leaders to work as partners in the Alcohol Impact Area (AIA) process

INITIATIVE: Alcohol Impact Area (AIA) regulation 28

STRATEGY: Fully implement Community Oriented Liquor and Tobacco Enforcement (COLTE)

INITIATIVE: Community Oriented Liquor and Tobacco Enforcement 29



GOAL: Strengthen the agency's risk management and loss prevention policies and practices

STRATEGY: *Develop and implement an agency-wide risk management program*

INITIATIVE: Risk management and loss prevention 30

STRATEGY: *Reduce agency risk and liability through tort loss prevention analysis and Human Resource risk management practices*

INITIATIVE: Risk management and loss prevention 31

STRATEGY: *Manage and minimize the number of Labor and Industry claims*

INITIATIVE: Risk management and loss prevention 32

Agency Goal: Promote public safety by ensuring compliance with liquor and tobacco laws and regulations through effective enforcement and education

Perspectives: Value and Benefit, Customer Service

STRATEGIES	MEASURES	INITIATIVES
1. Improve supervisory and managerial controls	Decrease the number of complaints against personnel	National Accreditation by the Commission on Accreditation for Law Enforcement Agencies (CALEA)
2. Develop fair and consistent laws, regulations, and policies	Clearly written agency policies	Agency Policy and Regulatory Improvement Programs
3. Continue existing programs that reduce youth access to alcohol and tobacco	1. Percentage of establishments that did not serve alcohol to minors per 12-month average 2. Percentage of establishments that did not sell tobacco to minors per 12-month average	Random Compliance Check in Youth Programs
4. Develop and implement additional public safety initiatives to address the concerns of communities adversely impacted by the sale of alcohol	Notification of 98% of local governments of actions that can be taken per incident regarding problem licensees in their jurisdiction	Public Safety Policy and Rule Review

Agency Goal: Promote public trust

Perspectives: Value and Benefit

STRATEGIES	MEASURES	INITIATIVES
1. Develop and implement comprehensive communications plan	1. Clear communication of agency key messages by all management and identified key staff 2. Standardized agency publications	Public Education of Agency Mission, Goals, and Accomplishments

Balanced Scorecard

Agency Goal: Maximize revenues to the state's taxpayers		
Perspectives: Financial Impact		
STRATEGIES	MEASURES	INITIATIVES
1. Develop and implement standard financial operating policies and procedures	Reduce audit findings and management letters from the Office of the State Auditor	Financial Policy and Procedure Review
2. Optimize retail outlet resources to serve the public	1. Improve Distribution Center fill rate of full case product 2. Increase special order inventory turns to four per year 3. Compliance with use of retail "tool box" in state retail stores 4. Increase profitability in liquor stores	Retail Business Plan
Agency Goal: Streamline and create effective business practices		
Perspectives: Internal Processes		
STRATEGIES	MEASURES	INITIATIVES
1. Review and deliver enhanced service via the Internet considering security, accessibility, and cost effectiveness	1. Completion of feasibility study 2. Completion of proof-of-concept pilot	Licensing System Assessment for Customer Service Improvements
2. Identify and streamline steps in licensing process causing delays in making final decision	1. Reduce turn-around times for issuing new licenses 2. Reduce number of service calls and complaints 3. Increase capacity to address special language needs	Licensing Application Process Improvements
3. Develop legislation and Office of Financial Management support for a revised funding model	Complete financial and legislative documentation in support of funding model change	Non-Appropriated Funding



Agency Goal: Develop, recruit, retain and value a high quality diverse workforce

Perspectives: Learning and Growth

STRATEGIES	MEASURES	INITIATIVES
1. Implement Civil Service Reform	1. Compliance with Civil Service Reform 2. Training plan development	Human Resource Policy and Procedure Review
2. Obtain Criminal Justice Training Commission (CJTC) certification	CJTC certification of seven managers (program managers, regional managers, and supervisors) per year	Commissioned Staff Certification
3. Provide access to centrally managed Human Resource policies and procedures	1. Human Resource policies and procedures reviewed 2. Centralized policies and procedures	Human Resource Policy and Procedure Review

Agency Goal: Deliver quality and efficient services and information through improved technology

Perspectives: Internal Processes

STRATEGIES	MEASURES	INITIATIVES
1. Continue to invest in networking infrastructure to optimize LCB's ability to conduct business effectively, especially in state liquor stores	1. Improve response time to state liquor stores' point-of-sale system 2. Improve access time to network 3. Increase access to agency systems via laptop and desktop personal computers	Enhanced Telecommunications Network Infrastructure for Real-Time Business Transactions
2. Enhance organization efficiency through process improvements of existing systems	Develop plan for migration of AS400 legacy systems	Modernization of Existing Business Systems
3. Deliver enhanced service via the Internet considering security, accessibility, and cost effectiveness	Complete one pilot licensing application	Web Site Evaluation for Optimal Utilization
4. Review and replace or upgrade financial software applications as needed	Complete review of projects to be used in decision making process regarding financial software applications	Modernization of Existing Business Systems

Agency Goal: Strengthen partnerships with customers, stakeholders, and communities		
Perspectives: Customer Service		
STRATEGIES	MEASURES	INITIATIVES
1. Encourage licensees, the alcohol beverage industry, and community and government leaders to work as partners in the Alcohol Impact Area (AIA) process	1. Update AIA rules and procedures 2. Refine criteria for AIA designations	Alcohol Impact Area (AIA) Regulation
2. Fully implement Community Oriented Liquor and Tobacco Enforcement (COLTE)	1. Percentage of establishments that did not serve alcohol to minors per 12-month average 2. Percentage of establishments that did not sell tobacco to minors per 12-month average	Community Oriented Liquor and Tobacco Enforcement

Agency Goal: Strengthen the agency's risk management and loss prevention policies and practices		
Perspectives: Financial Impact		
STRATEGIES	MEASURES	INITIATIVES
1. Develop and implement an agency-wide risk management program	Reduce the number of agency tort claim filings by five percent per year	Risk Management and Loss Prevention
2. Reduce agency risk and liability through tort loss prevention analysis and Human Resource risk management practices	Reduce the number of Human Resource related tort claim filings by five percent per year	Risk Management and Loss Prevention
3. Manage and minimize the number of Labor and Industry (L&I) claims	1. Reduce Distribution Center L&I claims 2. Reduce time loss days due to on the job injuries	Risk Management and Loss Prevention

The Marketplace and Environmental Conditions

[REDACTED]

This section provides an overview of general market trends and environmental conditions in Washington State that affect the Liquor Control Board's operations.

The recession and economic trends:

Washington State's economy is in a recession. While the national economy is already showing signs of rebounding, the recovery for this state is expected to be unusually slow. The 2002 forecast for taxable retail sales in the state is a negative 3.2%. For the next three years, the Washington State Forecast Council has projected modest increases of 4.4% to 5.5%.

The state's economy affects the LCB's operations in several ways, including the agency's operating budget and the impact of liquor sales trends on our retail operations and revenue production. A review of liquor sales in Washington State shows that liquor sales generally hold steady during recessionary times. Between Fiscal Year's 2000 and 2001, the LCB's gross sales of liquor increased 6%. A 4% growth is expected for this Fiscal Year ending June 30, 2002.

The agency's revenue estimates recently presented to the Forecast Council project a 2.9% growth rate this upcoming fiscal year and 2.33% growth for each of the following two fiscal years, assuming no change in the LCB's retail operations.

Alcohol consumption trends:

Market research indicates that while certain beverage alcohol product areas are showing growth, such as the wine market and premium brands, the overall consumption of alcohol has been declining since 1987. Factors affecting this trend include:

- Stricter legislation against drunk driving
- Stricter legislation against sales of alcohol to minors
- Interest in more healthy lifestyles

Between 1987 and 1997, the Bureau of Labor Statistics reported the average annual consumer expenditures on alcohol beverages dropped 24%, from \$408 to \$309. However, some industry experts believe that this trend will start to change and take an upward swing in the next several years as the children of baby boomers reach drinking age, creating a "baby boom echo" effect.

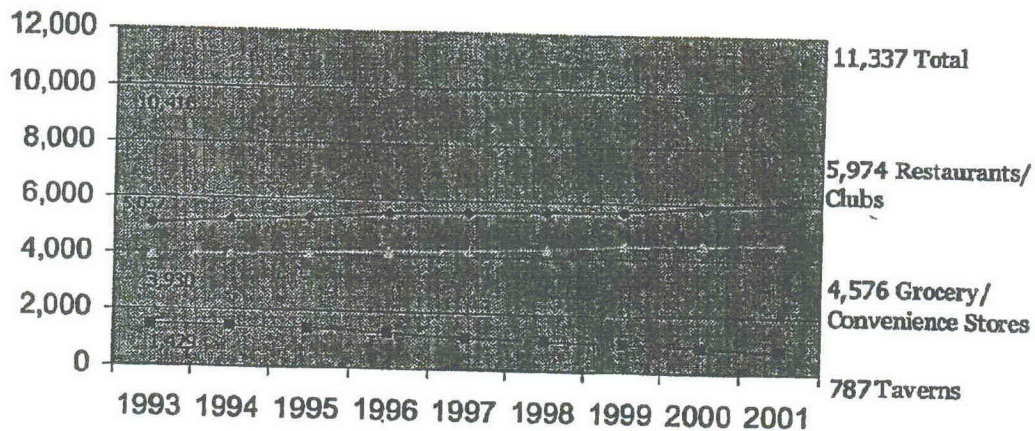
In Washington, sales in gross dollars have outpaced liter sales, which is consistent with the national trends of people "buying up." For instance, for Fiscal Year 2001 the highest growth category for spirit case sales was in premium products such as flavored Vodka and Rum, Cognac, and Single Malt Scotch. The same trend is true for wine, with sales of wines retailing at \$25 and up, exceeding 25% annual growth.

Drinking-age population trends:

In Fiscal Year 2001, there were 4,195,119 drinking-age adults - a 23.8% increase since 1990. Projections indicate the legal drinking age population in Washington State will grow almost 20% between 2000 and 2014. A rising number of drinking adults means more demand on LCB services in several areas, including the agency's enforcement, licensing, and retail functions.

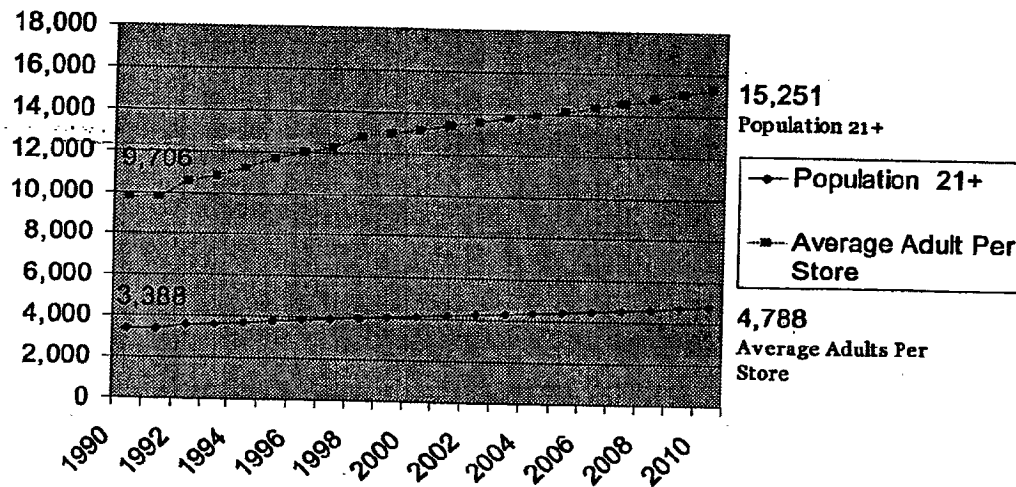
The rise in the drinking-age population means an increase in the number of licensed premises (restaurants, bars, grocery stores, etc.), and an increase in the number of alcohol consumers who are recipients of our education and enforcement efforts. The following chart shows the rise in the number of licensed premises that sell alcohol at retail—a 1.5% to 2% per year increase.

**Number of Retail Licensees
Fiscal Years 1993-2001**



A rising trend in the number of drinking-age adults also means the average number of adults and licensees served by each liquor store will continue to increase, as indicated in the following chart.

Average Adults Served Per Liquor Store 1990 – 2010



The Liquor Control Board's "1999 Deloitte & Touch Retail Business Plan" reported the number of Washington State liquor outlets per 100,000 people was significantly lower than the U.S. average, and lower than the average in most other control states.

Profits and tax collections increase:

Consistent with sales growth in state-run and contract liquor stores, there has also been growth in the amount of taxes collected and profits generated and distributed to the state general fund, local governments, and health care funds. Between 1992 and 2001, there has been almost a 33% increase in distributions. Of the eighteen control states, Washington ranked third in the percentage of revenue contributed to state and local governments at 41.1% of gross sales. The chart below shows the taxes and revenue distribution for Fiscal Years 1992 through 2001.

Taxes and Revenue Distribution—10 Year Comparison (Millions of \$)

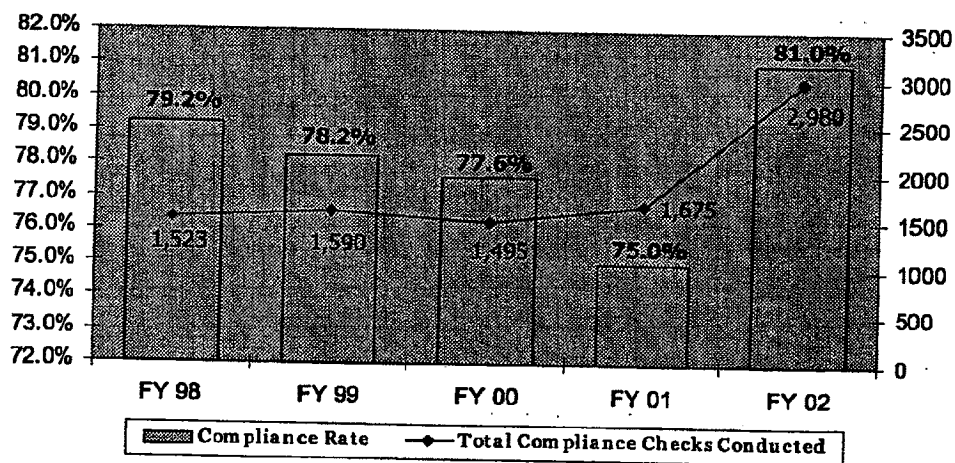
	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Revenues distributed	64.8	62.1	65.5	61.3	65.3	65.6	77.2	80.7	75.7	79.2
Taxes distributed	90.9	92.3	97.5	95.8	99.4	102.9	107.0	115.8	122.2	127.7
Total Distributed	155.7	154.4	163.0	157.1	164.7	168.5	184.2	196.5	197.9	206.9

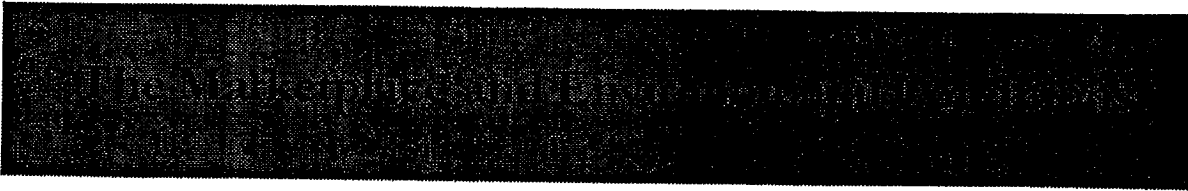
Enforcement

As the drinking-age population continues to grow, so do the number of licensed premises that sell alcohol at retail. This places continued demand on agency enforcement, training, and education efforts regarding liquor and tobacco laws.

The graph below shows the number of compliance checks conducted at licensed premises by Liquor and Tobacco Enforcement Agents for Fiscal Years 1998 to 2002, and the rate of compliance. The graph illustrates that licensees' rate of compliance with laws regarding sales to minors is tied to the number of compliance checks conducted by enforcement agents.

Total Compliance Checks Conducted and Compliance Rates for the Sale of Liquor to Minors





Technology

Demand for Information

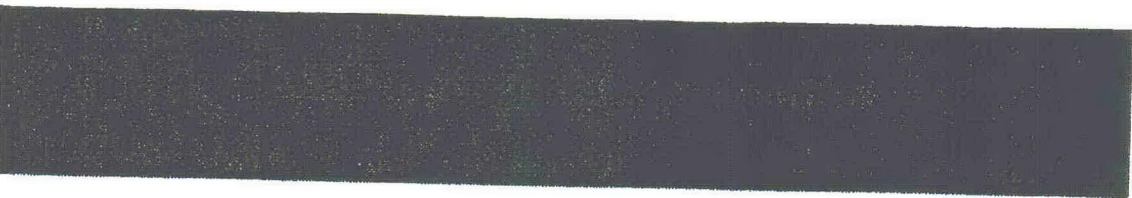
As the LCB enters the digital environment, it is faced with the rapidly growing need for more and better information, enhanced availability of information, and the ability to process increasing levels of information. Greater reliance is being placed on automation and electronic means of passing information between outside and internal users of agency systems. This creates a need to manage the information in terms of volume, security, and integrity and at the same time deal with privacy and legal considerations of electronic media via the use of Internet, Intranet, and networking technology. Information technology enables the integration and management of information resources to enable businesses and government to seize opportunities to bring "added value" to business activities. This may be through greater productivity, better quality of service, or better decision-making.

Balance with Personal Service

Although automation improves service delivery, and creates opportunities for greater productivity and better information for decision-making, it is not a replacement for personal service. Many services provided to customers would not be effective without the human element. The challenge for the agency is to balance the use of technology and all its benefits with the need for personal service.

Customer Expectations

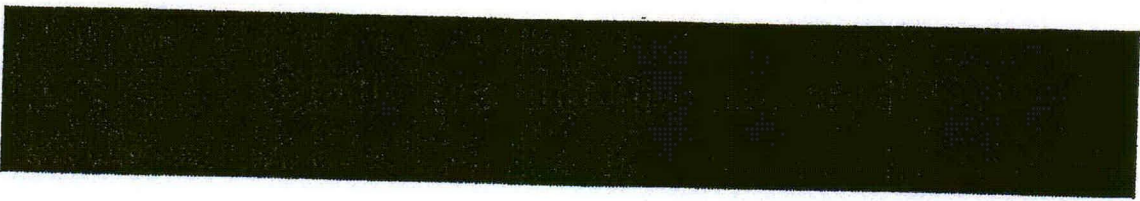
Technological issues continually face the agency in terms of cost benefit and choosing the best approaches to handling business activities. Agency customers make this more challenging by their increasing expectations and demands. As customers become more technologically advanced, they expect the same of the Information Technology Services. This is compounded even more with rapid changes in the technological environment that make this a dynamic decision-making environment.



Challenges:

The Liquor Control Board faces a number of challenges and opportunities in the successful implementation of this new strategic plan. Some of the challenges the LCB will face are as follows:

- The LCB's licensing process relies heavily on the applicant's submission of hard-copy documents. This paper-based method of obtaining and reviewing information fails to fully use the Internet and other new technology tools. The LCB has a new optical imaging system that facilitates the review of information, but this system still rests on the premise that the applicant must provide the needed information via hard-copy documents. Unless we have the information technology resources to convert our systems, we will remain behind the technology trend.
- New rules allowing a geographical area to be designated as an Alcohol Impact Area (AIA) went into effect in 1999. In December 2001, the first state-recognized AIA was designated in Tacoma, and the Board restricted the off-premises sale of 32 beer and wine products in the AIA. This restriction applies to approximately 56 Tacoma-area licensees. This effort places requirements on LCB for tracking, monitoring, and enforcing many frequently changing products and vendors. The LCB anticipates that more cities and towns will use the AIA approach and that each AIA will have a different list of banned products. As the AIAs grow statewide, the implementation of effective product restrictions will be an administrative challenge without the necessary technology tools and support.
- The consequences of excessive and underage drinking affect all college campuses, college communities and college students, whether they choose to drink or not. According to the National Institute on Alcohol Abuse and Alcoholism college binge drinking statistics, each year 1,400 college students die from alcohol-related injuries, more than 600,000 students are assaulted, and 70,000 students are victims of alcohol-related sexual assaults or date rapes. The LCB desires to partner with campus college community coalitions that seek to change the availability of alcohol through focused prevention, in order to address problems such as binge drinking, keggers, shoplifting of alcohol, and use of fake identification.
- A challenge before the agency's commissioned enforcement staff is to become nationally accredited by the Commission on Accreditation for Law Enforcement Agencies. This accreditation establishes standards for law enforcement agency's capabilities to prevent and control crime, increase efficiency in the delivery of services, and increase citizen and employee confidence. The required training for this national accreditation is being addressed through a decision package request for the 03-05 biennium.



- The Liquor Control Board enforces the Minors' Access to Tobacco law, which strictly regulates cigarette vending machines and businesses or individuals who provide tobacco samples. Tobacco advertising is very prevalent and affects all aspects of society. The current compliance rate is 89%, and the LCB intends to raise the compliance rate to 93% by June 2003.
- The current economic environment and state budget challenges mean reduced operation hours in retail outlets and may potentially result in other decisions that will reduce, rather than maximize, revenue generating opportunities.
- The point-of-sale system being used at state-operated stores has very limited transaction data capacity. Systems at contract stores are also independent. The new merchandising business system is scheduled to be fully operating by June 2003 at all state-operated stores. Obtaining transaction data from contract outlets for management purchasing and inventory control purchases continues to be an issue. In addition, the stores communicate via dialup. This is a severe limitation in recording business transactions in real time.
- The new Distribution Center opened at its Seattle location this spring with a new automated material handling system. The material handling system is functioning and meeting its off-peak season daily shipping demands. Solutions will be implemented by September 2002 to meet shipping demands for the holiday rush and continuing growth demands. Labor needs associated with operating and maintaining this system due to increasing shipping demands during the holiday season are an issue, and will be addressed through a decision package request for the 03-05 biennium.
- Currently, the state's appropriated funding process hampers the LCB's retail operation. Resource allocation or reallocation decisions that the agency would like to make in response to fluctuations in the marketplace currently must be addressed via requests for appropriation changes, which is a lengthy state process. It may take up to 3-5 years to implement business strategies regarding investments or changes needed to be responsive to the rapidly changing liquor market.

Opportunities:

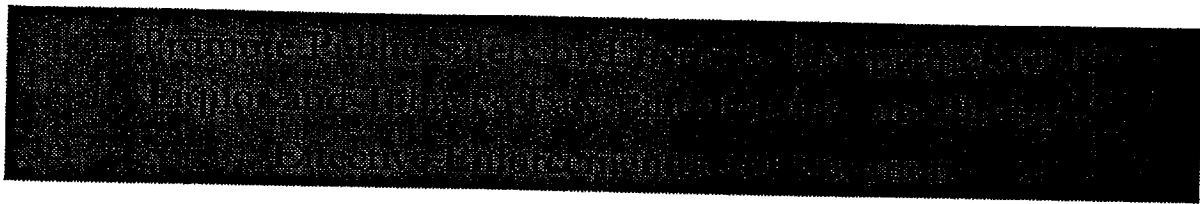
The following are some of the agency's unique opportunities that will aid us in the successful implementation of our strategic plan:

- The LCB's commitment to its new Strategic Plan and Retail Business Plan will provide solid direction for the agency's operations.
- The new LCB management team is focused on implementing best business practices and on continually evaluating and reviewing opportunities for improvements in our operations.
- The LCB has an experienced and very stable workforce.
- The LCB is in the process of contracting for a new Merchandising Business System (MBS) for state-operated stores. This will dramatically increase the type and availability of data at all levels of the operation. Once functional, the MBS will greatly improve the ability to manage store operations, purchasing, and distribution using best business practices.
- In 2001, the LCB inherited the program management responsibilities of the Federally Funded RUaD (Reducing Underage Drinking) Program. Presently the agency partners with 11 RUaD communities throughout the state and is beginning to see vast improvements in the state's compliance rates. The current compliance rate is 81%, up from a 67% compliance rate in 1998. Efforts are underway to reach a compliance rate of 85% by 2003.
- Working through the development of skilled staff and securing enforcement credentials, the LCB has initiated the steps needed to achieve accreditation with the Commission on Accreditation for Law Enforcement Agencies. The collaboration involves the Criminal Justice Training Commission and the Washington State Police Chiefs and Sheriffs Association. Additionally, the LCB has become a member of the newly formed State Security and School Resource Association. Under this strategy, the LCB will gain an enhanced opportunity to partner with law enforcement and influence policymakers on alcohol-related issues.

The Future:

Building on over 68 years of experience serving the public, the Liquor Control Board looks to the future with a renewed vision. In partnership with local law enforcement, communities, and agency stakeholders, significant accomplishments are planned to directly benefit state taxpayers. Through the implementation of specific strategies and initiatives outlined within the strategic plan, the agency affirms its commitment to the responsibility of enhanced public safety efforts, and increased profitability.

Goals, Strategies, and Initiatives



STRATEGY: Improve supervisory and managerial controls

INITIATIVE: National Accreditation by the Commission on Accreditation for Law Enforcement Agencies (CALEA)

BACKGROUND: Becoming accredited would assist the division in achieving and maintaining professional standards of excellence by ensuring that all policies and procedures meet national standards for law enforcement agencies. Accreditation will strengthen risk management programs and provide a strong defense against tort claims.

SOLUTION: Revise Enforcement Division Policy and Procedure Manual to ensure compliance with appropriate CALEA standards. The goal of achieving national accreditation will yield outcomes in improved supervisory and management controls while strengthening capacity for increased effectiveness in law enforcement.

STAKEHOLDERS: Internal Enforcement Staff, Office of Financial Management

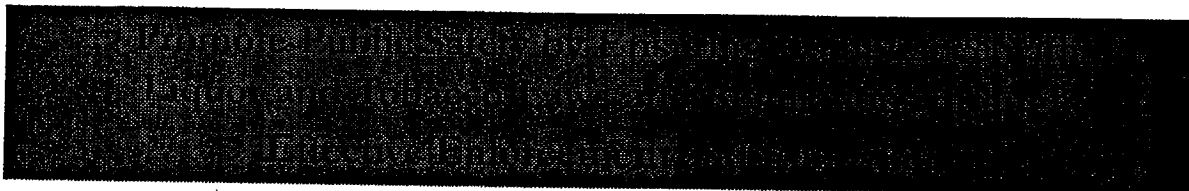
PARTNERS: Criminal Justice Training Commission, Law Enforcement Agencies

LEAD DIVISION(S): Enforcement and Education

PARTICIPATING DIVISION(S): Board Members, Administrative Director, and LCB Management Team

START DATE: In progress

FINISH DATE: Continuous



STRATEGY:	Develop fair and consistent laws, regulations, and policies
INITIATIVE:	Policy and Regulatory Improvement Programs
BACKGROUND:	Currently the agency lacks a comprehensive system to ensure laws, regulations, and policies are consistent with the agency's public safety mission and goals.
SOLUTION:	Ensure proposed laws or rules are consistent with the agency's mission and long-term strategic plan through: <ul style="list-style-type: none">• Continued regulatory review and agency legislative process.• Creation of a process for the development and tracking of agency policies.
STAKEHOLDERS:	Office of the Governor, Legislature, Liquor Control Board Employees, Washington State Citizens, Industry Representatives, Law Enforcement, Community Coalition
PARTNERS:	Regulatory Review Committee, Primary Stakeholders, Office of Financial Management, and Legislative Staff
LEAD DIVISION(S):	Policy, Legislative, and Media Relations
PARTICIPATING DIVISION(S):	Board Members, Administrative Director, and Management Team of the Liquor Control Board
START DATE:	In progress
FINISH DATE:	June 2008



STRATEGY: Continue existing programs that reduce youth access to alcohol and tobacco

INITIATIVE: Youth Access Compliance Checks

BACKGROUND: Conducting compliance checks helps determine which licensees are in violation of state liquor and tobacco laws, and has proven to be the most effective method of increasing compliance by licensees on issues related to youth access to alcohol and tobacco products.

SOLUTION: Perform random alcohol and tobacco compliance checks, conduct technical assistance visits, and participate in emphasis patrols.

STAKEHOLDERS: Washington State Citizens, Public Schools, Liquor and Tobacco Licensees, Community Organizations

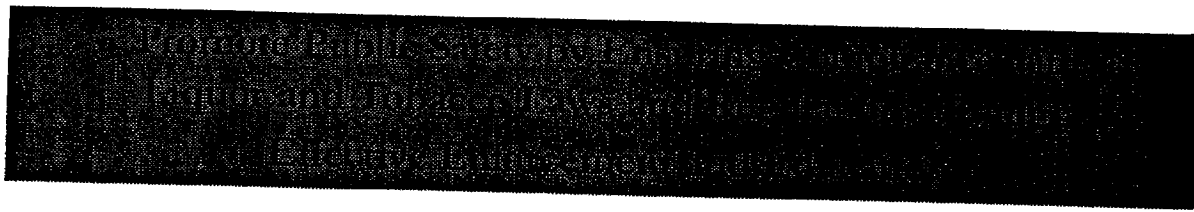
PARTNERS: Division of Alcohol and Substance Abuse, Department of Health, Office of Juvenile Justice and Delinquency Prevention, Reducing Underage Drinking Communities, Local Law Enforcement Agencies

LEAD DIVISION(S): Enforcement and Education

PARTICIPATING DIVISION(S): Licensing and Regulation

START DATE: In progress

FINISH DATE: Continuous



STRATEGY: Develop and implement additional public safety initiatives to address the concerns of communities adversely impacted by the sale of alcohol

INITIATIVE: Public Safety Policy and Rule Review

BACKGROUND: Currently communities have indicated they are experiencing negative effects associated with alcohol sales and consumption.

SOLUTION: Examine policy initiatives to provide communities with tools to address negative effects associated with alcohol sales and consumption. Put in place a program to notify local governments of actions to be taken against problem licensees in their areas.

STAKEHOLDERS: Office of the Governor, Legislature, Liquor Control Board Employees, Washington State Citizens, Industry Representatives, Law Enforcement, Community Coalitions, Licensees

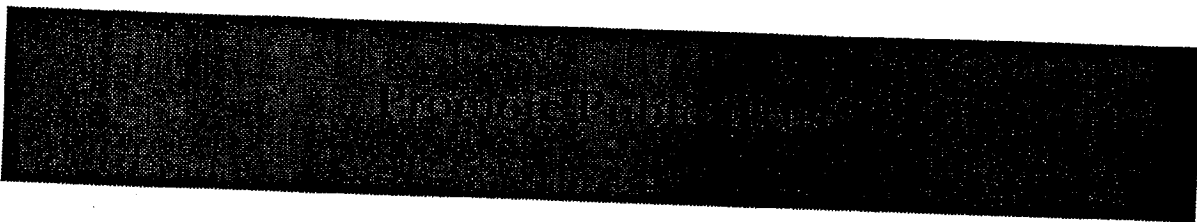
PARTNERS: Primary Stakeholders, Licensees, Legislature, Office of the Governor

LEAD DIVISION(S): Policy, Legislative, and Media Relations

PARTICIPATING DIVISION(S): Board Members, Administrative Director and LCB Management Team

START DATE: In progress

FINISH DATE: June 2005



STRATEGY: Develop and implement a comprehensive communications plan

INITIATIVE: Public Education of Agency Mission, Goals, and Accomplishments

BACKGROUND: Currently the agency lacks the following systems, resulting in failed opportunities to educate the public about the agency:

- Key messages we wish to promote to the public;
- A system for identifying all significant agency activities; and
- A system to educate employees on how to effectively communicate the agency's message when dealing with the media.

SOLUTION: The Policy, Legislative, and Media Relations Division will develop a comprehensive communications plan that promotes education by providing:

- Key messages we wish to promote to the public;
- A system to identify significant agency activities; and
- Media training to agency employees.

PARTNERS: Media, Office of Financial Management, Legislature, Community Coalitions

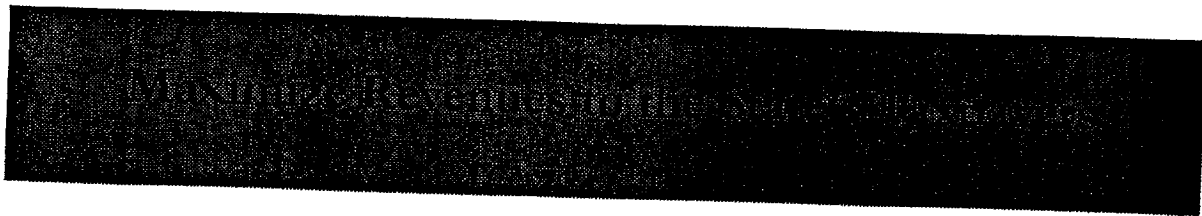
STAKEHOLDERS: Liquor Control Board employees

LEAD DIVISION(S): Policy, Legislative, and Media Relations

PARTICIPATING DIVISION(S): Board Members, Administrative Director, and LCB Management Team

START DATE: In progress

FINISH DATE: June 2005



STRATEGY:	Develop and implement standard financial operating policies and procedures
INITIATIVE:	Financial Policy and Procedure Review
BACKGROUND:	Current systems and procedures need improvements to provide more adequate protection of the state's resources. Additionally, current systems and procedures continue to raise doubt regarding the reliability in some financial areas, such as tax collection and distribution.
SOLUTION:	<p>The Financial Division, with assistance of Information Technology Services business partners, will develop and implement policies and procedures to cover all aspects of financial operations of the Liquor Control Board. These policies and procedures will be developed to assure compliance and to be in accordance with:</p> <ul style="list-style-type: none">• State of Washington codes;• Washington Executive Orders;• Federal regulations; and• Generally Acceptable Accounting/Auditing Principles. <p>Development and implementation of these standards will prevent loss and assure accurate and timely collection of revenue.</p>
PARTNERS:	Washington State Citizens, Office of the Governor, Legislature, Office of Financial Management
STAKEHOLDERS:	State Auditor's Office
LEAD DIVISION(S):	Financial Division
PARTICIPATING DIVISION(S):	Board Members, Administrative Director, and LCB Management Team
START DATE:	In progress
FINISH DATE:	June 2005

STRATEGY:

Optimize retail outlet resources to serve the public

INITIATIVE:

Retail Business Plan

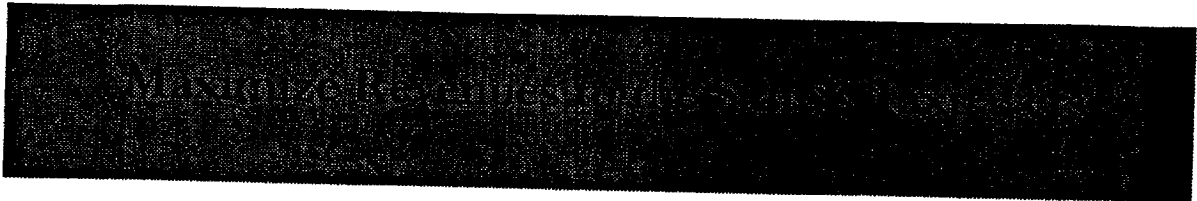
BACKGROUND:

Retail outlets have not had the benefit of an organized and objective approach to generating revenues. There is also a lack of emphasis to set, meet, and exceed revenue goals, as this has never been a primary focus. There is also a need to provide adequate inventory controls in the supply chain in which the stores are the top priority and in the amount of inventory being supplied. We must look at creative ways to manage an ever-decreasing expense line on the path to maximizing revenues. Effective business practices and store efficiencies will need to be addressed.

SOLUTION:

Through the Retail Business Plan:

- Develop and implement shelf management schematics for retail outlets. Retail outlets have not had an updated shelf display schematic for about ten years. Proper shelf placement can lead to increased revenues through consumers trading up.
- Implement management tools to minimize expenses. Our future Merchandising Business System (MBS) program will contribute heavily to the tools available to our outlet managers by identifying the areas of opportunity. In the interim, we will develop simple manual tools that will introduce our managers to the principles of retailing.
- Reduce costs of carrying special order inventory. Special orders have increased significantly over the past eight years. However, inventory turns have decreased, creating significant opportunities in the cost of goods sold. We will define and have accountability for a reasonable inventory through a revamped methodology that uses many of the existing resources.
- Optimize the potential revenue sources through store location. Identify new site locations that meet business criteria for revenue growth. This growth must be incremental on a master plan to establish "X" percent per year. Our new criteria takes advantage of customer traffic patterns and developing population centers.
- Implement store efficiencies. Identify efficiencies to generate new sources of revenue. Research RCW changes that may need to be implemented. Implement changes and measure results.



- Implement improved inventory management and reduce out of stocks. Acquire and deploy a purchasing package within parameters of a new MBS. Working with the MBS vendor, Purchasing will ensure programs and procedures are in place. (05-07 Biennium)
- Implement cycle count inventory method. The Distribution Center will create a process to do year-around cycle counts. These cycle counts will not interrupt store operations and will speed up discrepancy reconciliation and provide a higher rate of inventory accuracy.
- Implement level shipping schedules to equalize volume. Work with shippers and stores to implement distribution efficiencies to stores. Measure affects on labor at both Stores and Distribution Center.
- Implement improvements to Material Handling System at the Distribution Center. The Distribution Center will review and take action on improvements that will increase efficiencies and increase future capacity.

STAKEHOLDERS:

Vendors, Washington State Citizens, Licensees, Military, Tribes, Contract Managers Advisory Committee, Suppliers, LCB Employees, Office of Financial Management, Legislature, Distillery Representatives Association of Washington (DRAW)

PARTNERS:

Suppliers, Business Advisory Council, Information Technology Services, Distribution Center, Vendors, Retail Services, State Auditor's Office, Distillery Representatives Association of Washington

LEAD DIVISION(S):

Retail Services

**PARTICIPATING
DIVISION(S):**

Purchasing Services, Distribution Center, Information Technology Services, Financial Division

START DATE:

In progress

FINISH DATE:

June 2003 and continuous



STRATEGY:	Review and deliver enhanced service via the Internet considering security, accessibility, and cost effectiveness
INITIATIVE:	Licensing System Assessment for Customer Service Improvements
BACKGROUND:	<p>LCB processes approximately 20,000 liquor license applications a year. These applications include requests for new licenses, renewals of existing licenses, and requests for additional privileges on an existing license. The number of applications is increasing by 1.5% annually. The agency processes that manage the licensing function are cumbersome and heavily manual. As a result, there may be long wait times for application or request approval. Tactically and strategically, the LCB is committed to cost-effective use of resources.</p> <p>Current processes have evolved over the last twenty-five years over multiple hardware and software platforms. Given the changes in technology within the LCB and in the industry, all applications/ procedures are in need of review to determine which applications could better serve our internal and external customer needs using the Internet. The LCB is resolute in using technology to support business operations. We plan on having the database capability to be more responsive to questions from legislators and stakeholders and promote data driven decisions.</p>
SOLUTION:	Consistent with the State's Digital Government Plan, LCB plans to exploit the Internet and Intranet to streamline this important business process and deliver quality services via the Internet. By conducting a business area analysis or feasibility study with a related proof-of-concept, LCB can develop a plan for ongoing future improvements - business process reengineering. The LCB's intent is to deliver accessible, fast, reliable, and cost effective digital government services.
PARTNERS:	Licensing and Regulation, Information Technology Services, MAST vendors and trainers, Special Occasion license applicants
STAKEHOLDERS:	Office of Financial Management, MAST vendors and trainers
LEAD DIVISION(S):	Licensing and Regulation
PARTICIPATING DIVISION(S):	Information Technology Services, Financial Division, Retail Services
START DATE:	January 2004
FINISH DATE:	May 2005

STRATEGY:

Identify and streamline steps in licensing process causing delays in making final decision

INITIATIVE:

License Application Process Improvements

BACKGROUND:

- Current average processing time to issue a new license is 53 days. This is a 7-day increase from last year.
- Understaffed due to vacancies in Licensing Division.
- New employees still in long-term training program.
- Increased complexity of applicant structure.
- Staff in on-going process of learning new technology.
- Average yearly increase of applications is 1.5 percent per year without increase of staff in 7 years.

SOLUTION:

The division will simplify and streamline liquor license applications. The broader elements of simplification include, but are not limited to, the following:

- Fill vacancies within the division;
- Modify or eliminate steps or excess waiting periods in the process;
- Completion of enhancements to new electronic imaging and workflow system; and
- Continue to identify ways to simplify or eliminate forms.

PARTNERS:

Licensing Applicants

STAKEHOLDERS:

Licensing Applicants

LEAD DIVISION(S):

Licensing and Regulation

**PARTICIPATING
DIVISION(S):**

Information Technology Services, Enforcement and Education Division, Retail Services

START DATE:

In progress

FINISH DATE:

Continuous

STRATEGY: Develop legislation and Office of Financial Management support for a revised funding model

INITIATIVE: Non-Appropriated Funding

BACKGROUND: The Liquor Control Board has operated under the traditional "appropriated funding" model that is prevalent in state government. The restrictions of appropriated funding do not allow the LCB the flexibility needed in the retail marketplace to respond to market trends, variable costs, or consumer demand. This has resulted in retail operations of the agency being driven by appropriation levels and not by market forces that drive retail business in the private sector. The process for expanding the number of outlets or service levels within existing outlets requires a lengthy approval process.

SOLUTION: Move the LCB from an appropriated agency to a non-appropriated, budgeted agency.

PARTNERS: Washington State Citizens, Office of the Governor, Legislature, Office of Financial Management

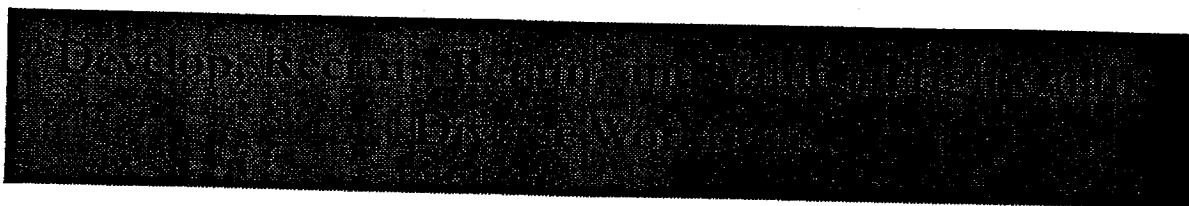
STAKEHOLDERS: Office of Financial Management, Legislative staff, Business Advisory Council

LEAD DIVISION(S): Financial Division

PARTICIPATING DIVISION(S): Board Members, Administrative Director, Retail Services; Purchasing Services; Policy, Legislative, and Media Relations

START DATE: In progress

FINISH DATE: June 2005



STRATEGY: Implement Civil Service Reform

INITIATIVE: Human Resource Policy and Procedure Review

BACKGROUND: Recent legislation will significantly impact Human Resource rules and practices, labor relations, and contracting out for services. Employees will now have the ability to bargain for wages with one master contract negotiated by a Governor-elected negotiation team. Labor relations and Human Resource rules will be eliminated. The Personnel Appeals Board will be eliminated and labor relations will be administered by Public Employment Relations Commission (PERC).

SOLUTION: Ensure adequate understanding of the changes impacting the agency and agency employees. Provide accurate and timely information to agency staff of changes and effective date of such changes. Develop a transition and training plan for implementation of the various provisions in civil service reform.

PARTNERS: LCB Employees, Department of Personnel, Office of Financial Management, Labor organizations, Office of the Attorney General

STAKEHOLDERS: Department of Personnel, Governor's Collective Bargaining Unit

LEAD DIVISION(S): Human Resources

PARTICIPATING DIVISION(S): Board Members, Administrative Director, and LCB Management Team

START DATE: In progress

FINISH DATE: June 2005



STRATEGY: Obtain Criminal Justice Training Commission (CJTC) Certification

INITIATIVE: Commissioned Staff Certification

BACKGROUND: In 1999, the Governor appointed Citizen Review Panel found that the Liquor Control Board's training program for Liquor and Tobacco Agents was inadequate, and the lack of training was negatively impacting the delivery of service. Supervisors and managers were not trained to CJTC standards, and the Board's agent training does not meet state standards for law enforcement officers.

SOLUTION: Provide all commissioned staff with the appropriate level of training through the CJTC academy or by contracting with CJTC certified instructors. Achieving certification and national accreditation will yield increased effectiveness in law enforcement and delivery of related services.

PARTNERS: Washington State Citizens, Licensees, Law Enforcement Agencies, Liquor and Tobacco Agents, Business Advisory Council

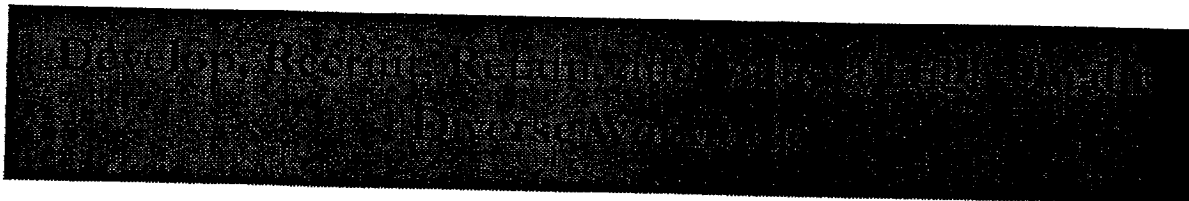
STAKEHOLDERS: CJTC, Law Enforcement Agencies

LEAD DIVISION(S): Enforcement and Education

PARTICIPATING DIVISION(S): Licensing and Regulation; Human Resources; Policy, Legislative, and Media Relations; Financial Division

START DATE: In progress

FINISH DATE: June 2011



STRATEGY: Provide access to centrally managed Human Resource policies and procedures

INITIATIVE: Human Resource Policy and Procedure Review

BACKGROUND: Current policies and procedures do not provide adequate information to employees and managers on key Human Resource practices. Human Resource policies are not centrally managed, and are not easily accessible or understood by staff, and may not cover key human resource practices.

SOLUTION: Ensure appropriate Human Resource policies and procedures are centralized and accessible to employees and managers through an Intranet medium. Ensure training and awareness is provided to assist staff in understanding and complying with Human Resource policies and procedures.

PARTNERS: LCB Employees, Office of Financial Management, Labor organizations, Office of the Attorney General

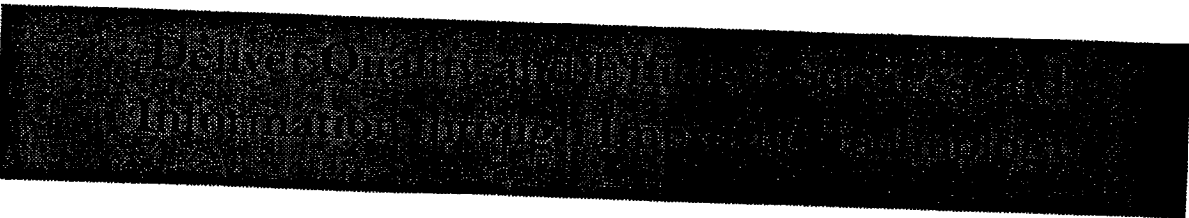
STAKEHOLDERS: Department of Personnel

LEAD DIVISION(S): Human Resources

PARTICIPATING DIVISION(S): Board Members, Administrative Director, and LCB Management Team

START DATE: In process

FINISH DATE: June 2006



STRATEGY: Continue to invest in networking infrastructure to optimize LCB's ability to conduct business effectively, especially relating to state liquor stores

INITIATIVE: Enhanced Telecommunications Network Infrastructure for Real-Time Business Transactions

BACKGROUND: Currently the stores communicate with host systems through a dialup feature. This does not maximize transmission speeds. As new point-of-sale systems are installed during FY 2003, it becomes more important to have "always-on" capability. The network is a fabric of interwoven infrastructure components. In addition to upgrading equipment at the outlets themselves, the agency must install all related supporting networking systems, especially those required by statewide security policies and business resumption plans.

SOLUTION: Information Technology Services will work with the Retail Services Division to acquire and install the necessary hardware and software to allow for "always-on" connection. This will enable host systems to have the most current information from the state stores for more effective, timely, and accurate decision-making. Will speed up credit card processing.

PARTNERS: Retail Services Customers, Office of the Governor, Legislature, Office of Financial Management.

STAKEHOLDERS: Department of Information Services

LEAD DIVISION(S): Information Technology Services, Retail Services

PARTICIPATING DIVISION(S): Financial Division

START DATE: September 2003

FINISH DATE: June 2008

STRATEGY:

Enhance organization efficiency through process improvements of existing systems

INITIATIVE:

Modernization of Existing Business Systems

BACKGROUND:

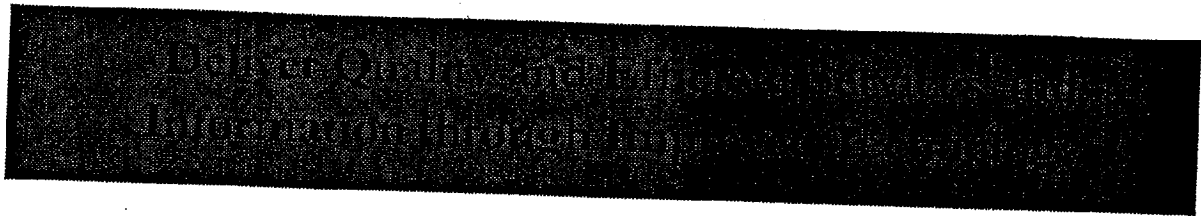
With the implementation of a Merchandising Business System (MBS) in FY03, the Liquor Control Board has a tremendous opportunity and need to retrofit remaining applications to a more contemporary architecture that is easier to support. Many of the LCB's systems are over twenty-five years old - truly legacy systems. In addition, the MBS functionality will be extended to include peripheral systems, in the long term.

Business Intelligence is the use of information produced by and captured within business processes to enhance the operations of the business. Business Intelligence describes the organization's ability to access, explore and analyze information contained in a data warehouse to develop insights and understanding. This leads to a more informed decision-making process. The LCB plans to implement a reporting environment modeled after proven state systems.

SOLUTION:

Information Technology Services, with the help of all the divisions, will:

- Continue to implement remaining and enhanced MBS functionality. Conduct an assessment of additional MBS functionality such as, planning and analytical tools, workflow systems, and other enhancements.
- Develop an agency-wide reporting environment. Acquire appropriate front-end tools for querying and analysis. Train people in their use and understanding of data. Make an agency commitment to information-driven decisions.
- Perform a business analysis to determine the future of remaining AS400 legacy applications.
- Standardize technology products to accelerate development of business applications.
- Apply best practices at Department of Information Services for network maintenance services and Enterprise Solution software contracts.



PARTNERS: Office of Financial Management, Legislature

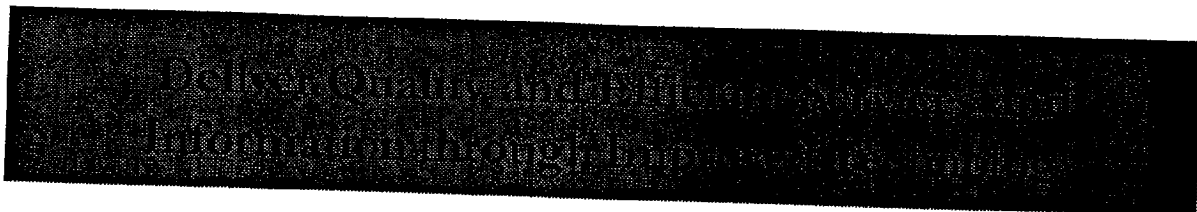
STAKEHOLDERS: Department of Information Services

LEAD DIVISION(S): Information Technology Services

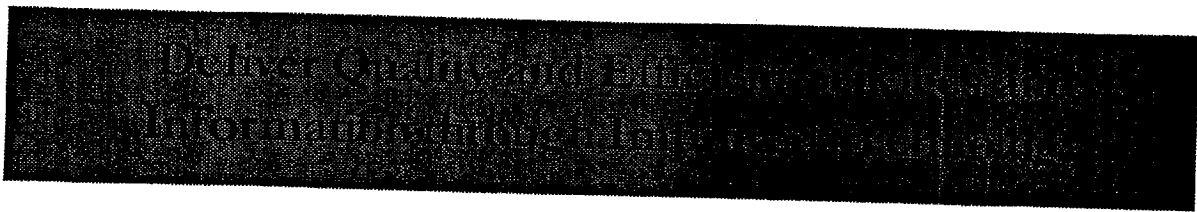
PARTICIPATING DIVISION(S): Board Members, Administrative Director, and LCB Management Team

START DATE: October 2003

FINISH DATE: June 2008



STRATEGY:	Deliver enhanced service via the Internet considering security, accessibility, and cost effectiveness
INITIATIVE:	Web Site Evaluation for Optimal Utilization
BACKGROUND:	<p>The Liquor Control Board's Internet Web site is a vital communication and business tool. Use of the Internet has the potential to become an even greater information resource and vehicle to provide greater service to suppliers, customers, taxpayers, stakeholders, and employees. Since the initial launch, use has grown each month. During the past five years, thousands of pages of information have been posted along with several complex applications in an attempt to meet the demand for on-line information and services. The exponential growth of the Internet has created both an opportunity and a challenge to meet public, taxpayer, and employee expectations for information and service delivery. The agency believes that fully expanding the use of the Internet will maximize agency resources. A group of employees is currently reviewing the following: information provided through the Internet Web site, users ability to access information, and processes for on-going improvements and maintenance.</p>
SOLUTION:	<p>Based on the team's findings and recommendations to the agency's Management Team, enhancements to the agency's Web site will be made to meet business and employee needs, and to establish a robust environment to fully use the Internet's capabilities. Some of the enhancements may include: providing industry-specific information with one click of the mouse, creating on-line tutorials, developing a Licensing pilot application, providing human resource information on-line, and providing forms in the "fill-in" format.</p>
STAKEHOLDERS:	Suppliers, Customers, LCB Employees
PARTNERS:	Department of Information Services
LEAD DIVISION(S):	Information Technology Services
PARTICIPATING DIVISION(S):	Policy, Legislative, and Media Relations; Licensing; Financial Division; Purchasing; Enforcement and Education Division
START DATE:	July 2003
FINISH DATE:	June 2005



STRATEGY:	Review and replace or upgrade financial software applications as needed
INITIATIVE:	Modernization of Existing Business Systems
BACKGROUND:	<p>Current financial operating systems have become outdated either through lack of upgrades (AS400) or through outdated application development (Win95). This has resulted in systems that:</p> <ul style="list-style-type: none">• Do not provide adequate security levels• Are not user friendly• Do not provide easy retrieval of useful, updated information• Are at risk of failure
SOLUTION:	<p>The Financial Division, under the guidance of Information Technology Services, will review all current applications to determine the best options available for upgrading financial operating systems. Systems will be upgraded or replaced based upon determination of best options available. Review, development, and implementation of current generation operating systems will provide greater security and timely and accurate information.</p>
STAKEHOLDERS:	Vendors, State Auditor's Office, Office of Financial Management.
PARTNERS:	Contract Managers Advisory Council
LEAD DIVISION(S):	Financial Division
PARTICIPATING DIVISION(S):	Information Technology Services
START DATE:	In progress
FINISH DATE:	June 2008



STRATEGY:	Encourage licensees, the alcohol beverage industry, and community and government leaders to work as partners in the Alcohol Impact Area (AIA) process
INITIATIVE:	Alcohol Impact Area (AIA) Regulation
BACKGROUND:	Chronic public inebriation and illegal activities are social problems associated with the misuse of alcohol, with detrimental effects on communities. In 1997, several communities approached the Board and requested assistance concerning problems with high concentrations of chronic public inebriates. In response, in July 1999, the Board adopted the "Alcohol Impact Area" (AIA) regulations to assist local governments in dealing with these problems. The Board recognizes that regulations alone could not solve the entire problem. Only through a comprehensive, multidimensional response involving residents, businesses, and government agencies can these problems be properly addressed.
SOLUTION:	The AIA regulations establish a framework under which the Board, in partnership with local government and community organizations, can act to reduce the negative impact of Chronic Public Inebriates or illegal activities associated with alcohol sales and consumption. This framework will provide for effective tracking, monitoring, and enforcing rules on many frequently changing products and vendors. It will also address timely communication methods with local government and communities. Assist in identifying an AIA to be formally recognized by the Board, allowing certain restrictions to be enforced for licensed off-premises businesses within that designated area.
STAKEHOLDERS:	Community Coalitions, Local Jurisdictions, Public, Licensees and Applicants, Industry Associations, Business Advisory Council
PARTNERS:	Local Jurisdictions, Community Coalitions
LEAD DIVISION(S):	Licensing and Regulation
PARTICIPATING DIVISION(S):	Policy, Legislative, and Media Relations; Information Technology Services; Enforcement and Education
START DATE:	In progress
FINISH DATE:	Continuous



STRATEGY: Fully implement Community Oriented Liquor and Tobacco Enforcement (COLTE)

INITIATIVE: Community Oriented Liquor and Tobacco Enforcement

BACKGROUND: The 1999 Governor appointed Citizen Review Panel recommended implementation of the COLTE philosophy. The transition began in 2000. The process requires implementation at various levels.

SOLUTION: Management to provide direction and vision to employees and supply secondary level training on intermediate to advanced techniques. Training and clear definition of priorities and expectations that focus on COLTE related principles.

STAKEHOLDERS: Washington State Citizens, Community Coalitions, Licensees, Law Enforcement Agencies, Business Advisory Council

PARTNERS: State and Local Law Enforcement, Retail and Wholesale Licensees, Community Groups, and Local Political Entities

LEAD DIVISION(S): Enforcement and Education

PARTICIPATING DIVISION(S): Board Members, Administrative Director, Management Team, Licensing Division, and Policy, Legislative, and Media Relations Division

START DATE: In progress

FINISH DATE: Continuous

STRATEGY, INITIATIVE, BACKGROUND, SOLUTION, STAKEHOLDERS, PARTNERS, LEAD DIVISION(S), PARTICIPATING DIVISION(S), START DATE, FINISH DATE

STRATEGY: Develop and implement an agency-wide risk management program

INITIATIVE: Risk Management and Loss Prevention

BACKGROUND: Current practices do not provide adequate consistency in application of procedures nor in review of activities relating to the protection of the state's resources. Loss prevention has been viewed as a function of the Financial Division where loss applies to agency product in stores and in the Distribution Center. At the same time, the greatest loss exposure of the agency has been in the areas of human resources and civil rights, areas not traditionally reviewed by the agency. The LCB feels the activity directed by this strategy is needed to reduce agency exposure and to ensure compliance with Executive Order 01-05.

SOLUTION: The Financial Division, with the assistance of its business partners and the other LCB divisions, will develop and implement a comprehensive risk management program to address all aspects of the LCB's operations. Risk review, policy and procedure development, and agency involvement at the senior management level will focus on a reduction in loss exposure to the agency in the following areas:

- Tort Claims
- Civil Rights
- Abuse of Process
- Personal Injury

Additionally, the agency will focus at reducing tort loss exposure.

STAKEHOLDERS: Washington State Citizens, Office of the Governor, Legislature, Board Members, Attorney General's Office

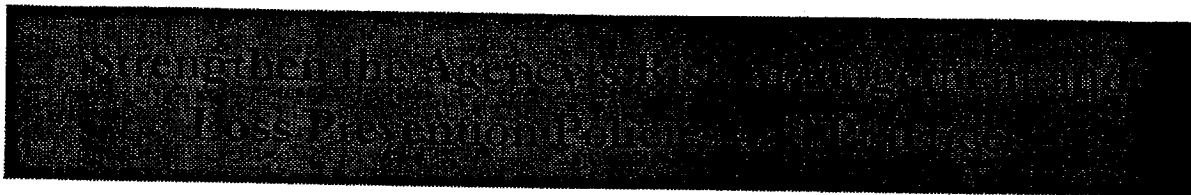
PARTNERS: Office of Financial Management-Risk Management

LEAD DIVISION(S): Financial Division

PARTICIPATING DIVISION(S): All LCB Division Directors, LCB Safety Office

START DATE: In Progress

FINISH DATE: Continuous



STRATEGY: Reduce agency risk and liability through tort loss prevention analysis and Human Resource risk management practices

INITIATIVE: Risk Management and Loss Prevention

BACKGROUND: Appropriate Human Resource practices will continue to minimize liability in the areas of workers' compensation, management practices, and civil rights violations. There has been an increase in the number of lawsuits resulting in significant financial losses to the state, many in the area of LCB management practices and civil rights violations.

SOLUTION: Review and assess Human Resource practices. Increase awareness, and education and accountability of staff to ensure appropriate Human Resource practices occur throughout the agency. Ensure communication of policies and procedures so that adequate training is provided; and hold employees, supervisors, and managers accountable for promoting a work environment where sound Human Resource decisions and actions are taken. Provide supervisors and managers the tools, resources, training, and assistance to work through Human Resource issues.

STAKEHOLDERS: LCB Employees, Office of Financial Management, Labor Organizations, Labor and Industries, Office of the Attorney General

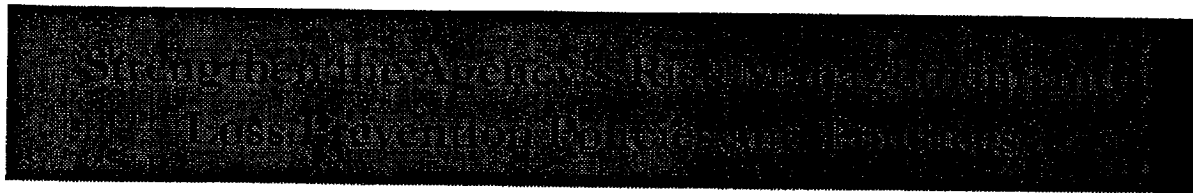
PARTNERS: Financial Division, OFM, Office of the Attorney General

LEAD DIVISION(S): Human Resource

PARTICIPATING DIVISION(S): Board Members, Administrative Director, and LCB Management Team

START DATE: In progress

FINISH DATE: Continuous



STRATEGY: Manage and minimize the number of Labor and Industry claims

INITIATIVE: Risk Management and Loss Prevention

BACKGROUND: The Liquor Control Board encompasses many different facilities and types of work activities with various physical requirements. The agency's Distribution Center is a warehouse environment that involves reaching, bending, pulling, and stacking of cases. Retail outlets require shelf stocking and merchandising, while enforcement functions require fieldwork at establishments that sell alcohol beverages. Overall, all employees are involved in office activities that require a proactive approach to workplace safety and ergonomics.

SOLUTION: The Liquor Control Board is continuously improving our approach to addressing complex safety and health issues. The Distribution Center will emphasize ergonomic improvements of the new warehousing equipment to reduce preventable injuries and losses. In addition, the agency's safety office will assist in continuing to improve and implement plans for maintaining a safety oriented culture. This may include assessments, training, putting into action accident-prevention measures, tracking, and communicating best practices.

STAKEHOLDERS: LCB Employees, Washington Public Employees Association, Washington Industrial Safety and Health Act, Labor and Industries, Occupation Safety and Health Act

PARTNERS: Labor and Industries and Department of Personnel

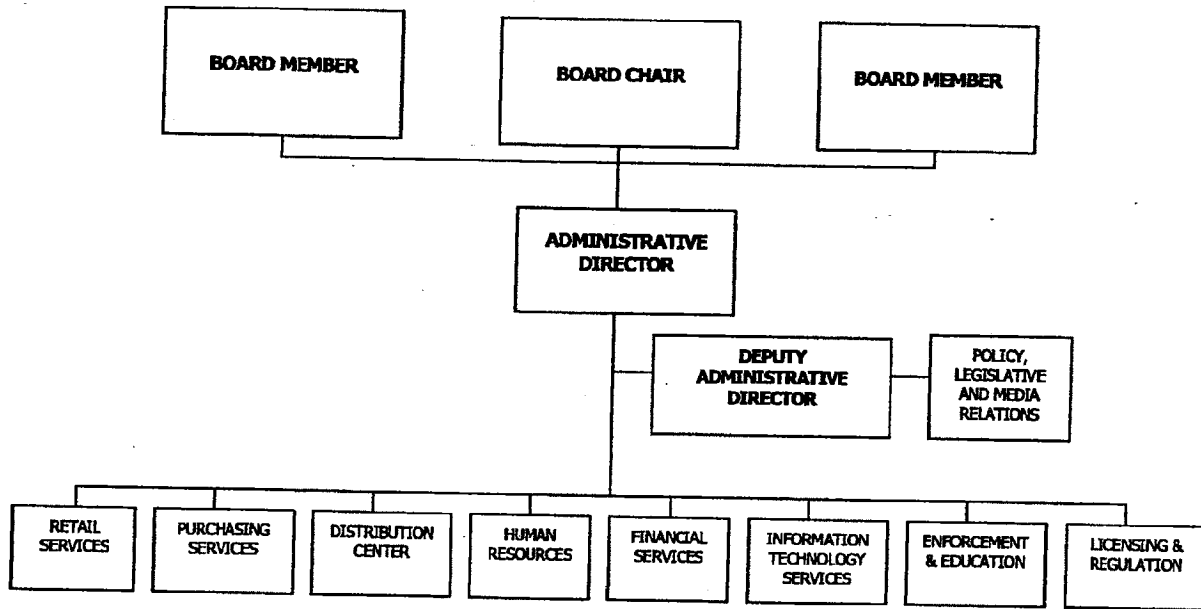
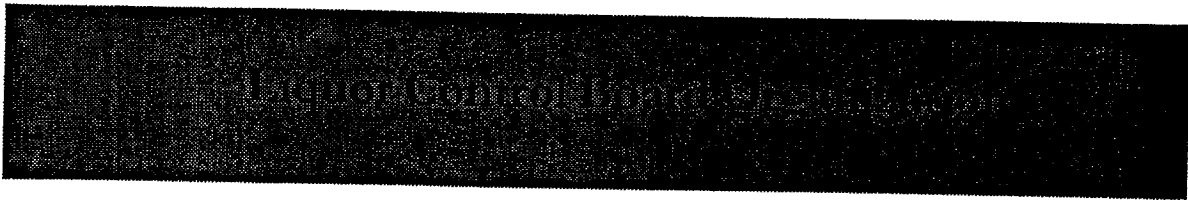
LEAD DIVISION(S): Human Resources

PARTICIPATING DIVISION(S): All Divisions

START DATE: In progress

FINISH DATE: Continuous

Appendix- Liquor Control Board



Administration

The Liquor Control Board is led by a three-member board. The Board Members, who work 60% time, are charged with the oversight of all agency policy, legislative, and adjudicative functions. An Administrative Director runs the daily operations and has direct oversight of all agency divisions.

Enforcement and Education

The Enforcement and Education Division enforces liquor and tobacco laws and provides education to licensees and the general public. The division has the responsibility to:

- Implement the Community Oriented Liquor and Tobacco Enforcement (COLTE) program. A system of problem solving techniques, technical assistance, active community partnerships, regular inspections, compliance checks, corrective enforcement, and adequate penalties to deter violations. Our enforcement's COLTE program was recently recognized by the National Liquor Law Enforcement Association as "Liquor Law Enforcement Agency of the Year."
- Prevent youth access to alcohol through the Party Patrol program. This program involves law enforcement, community resources, and prevention groups to prevent underage drinking parties during homecoming and graduation.
- Prevent youth access to tobacco by partnering with local health districts.
- Prevent evasion of the state's cigarette tax by interdicting commercial loads of untaxed cigarettes and educating the public on laws regarding purchasing untaxed cigarettes.
- Enforce underage drinking laws and prevent high-risk drinking behavior and over-consumption, under the guidance of the State Coalition to Reduce Underage Drinking (RUaD).

Licensing and Regulation

The Licensing and Regulation division is comprised of two sections: 1) Retail Licenses and Permits and; 2) Manufacturers, Importers, and Wholesalers. The Licensing Division has the responsibility to:

- Review, investigate, and report on all retail and non-retail license applications.
- Review and process liquor license renewals, permits, alteration and floor plan approvals, added activity requests, and special occasion licenses.
- Administer the Mandatory Alcohol Server Training (MAST) program to ensure providers of training meet standards set in laws and regulations.
- Maintain an Internet-based price-posting system, which involves approval of all labels for beer and wine sold in the state and ensures that beer and wine prices meet legal requirements.
- Enforce liquor and tobacco laws and regulations between retailers and manufacturers or distributors, with emphasis on investigations of prohibited trade practices ("Tied-House" laws).

Retail Services

Retail Services is the largest division within the Liquor Control Board. This division has direct oversight of all liquor retail sales. In fiscal year 2001, the Division's gross sales were over \$508 million. Through controlled distribution and sales, the division has the responsibility to:

- Operate and staff 157 state-owned retail stores.
- Contract with 155 contract liquor stores throughout the state's rural communities.
- Provide service to over 3,500 liquor licensees that resell liquor.
- Identify suitable new or alternate store locations and manage all relocations.
- Determine and monitor modifications to existing store facilities.
- Fill special orders for retail licensees, private citizens, and store managers.
- Sell and account for all liquor products sold by the state of Washington. The current product selection in liquor stores includes:
 - 890 distilled spirit listings (each size of a product constitutes as a listing)
 - 960 wine listings
 - 10 malt beverage listings

Purchasing Services

The Purchasing Services Division provides product selection to all state-run and contract liquor stores.

The division has the responsibility to:

- Recommend new liquor and wine listings or rejections to the Board.
- Develop forecast for average, seasonal and peak sales.
- Ensure purchase orders effectively optimize inventories.
- Provide product information to liquor stores.
- Update and maintain pricing formulas, monthly retail price books, and monthly store shelf tickets.
- Participate in the negotiation of liquor contracts with the Military and Tribal Leaders.
- Collect markup and taxes on personal importations of alcohol beverages.
- Manage the Wine Advisory Committee. This group is made up of private citizens that donate their time to evaluate wine samples and make listing recommendations.



Distribution Center

The 160,000 square foot Distribution Center has a storage capacity of 585,000 cases of liquor. The automated Material Handling System inside the Distribution Center was installed in 2001. The major design goals for the system were efficiency, ergonomics, accuracy, and business process improvement. Because of this design, the system will enable the agency to meet future product demand increases and handle the current 43 million units that pass through the Distribution Center. The Distribution Center has the responsibility to:

- Ensure timely and efficient receipt, storage, and shipment of wine and spirits to the 312 LCB retail outlets located throughout the state, using an automated Material Handling System.
- Ship an average of 15,500 cases of liquor per day.

Information Technology Services

The Information Technology Services Division manages the agency's technology needs and policies. The division has the responsibility to:

- Provide technology consultation and training; and manage technology acquisitions.
- Design, implement, and maintain the agency's information technology infrastructure such as networking, Internet, Intranet, e-mail, desktop office systems, and voice systems.
- Implement major systems, e.g., the new merchandising business system. The system will replace antiquated Point-of-Sale systems. It will also transition the LCB from an inventory based system to a transactional-based business model, enhancing its potential to produce revenue for the state of Washington.

Financial Division

The Financial Division provides internal support services to the operating divisions of the Liquor Control Board. The division has the responsibility to provide the following expertise and support:

- Budget and accounting
- Audit and loss prevention
- Distribution Center security
- Risk management
- Support services such as payroll, supplies, printing, records management, and mailroom

TX 2002 DISTRIBUTION BY ACCOUNT

Total Distributed: \$220,192,623

